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The Conference Board
70th Anniversary

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

* CONSUMER EARNING & SPENDING REMAIN ROBUST
* BUT CAR & HOME BUYING HAVE SLOWED
* NEW ORDERS STILL SLUGGISH
* LABOR MARKET HAS COOLED DOWN
* EVEN NONENERGY PRICES ARE FALLING
* TRADE BALANCE SEEMS TO BE IMPROVING
* OUTLOOK * SECOND QUARTER GROWTH MAY BE A BIT FASTER THAN THE SOLID RISE IN THE FIRST QUARTER

OVERVIEW: On net, the expansion remains healthy, but with some pronounced imbalances. The financial markets remain quite bullish, and growth continues apace in other service industries. Both residential and nonresidential construction continue to expand, though more slowly than a few months ago. And imports are apparently no longer flooding into domestic markets.

The basic industrial core of the economy, however, has yet to gather any forward momentum. Moreover, the most immediate impact of falling energy prices appears to be a severe weakening of business in the Southwest. The course of the economy in this late expansion period depends, in part, on some reinvigoration in these areas.

The consensus outlook remains quite optimistic, despite the weakening in the Southwest, slowing home and car sales, a flat trend in industrial production and no real pickup in orders. In December, the median of the **Economic Forecasts** was for real GNP to rise by 3% over the 4-quarter span ending in the fourth quarter of 1986. During the following 2 months, interest rates and energy prices fell decisively. The median forecast went up to 4%, and remained there in March. This suggests that falling interest rates and inflation, strong money growth, and continued vigorous fiscal stimulus will power the industrial core onto a faster track—narrowing some of the imbalances now in evidence.

DOMESTIC MARKET MONITOR

The imbalances are clearly reflected in the latest labor market data. From October through January, employment in construction and durable manufacturing rose by almost one-quarter million. But over the next 2 months, it fell by almost 100,000 in these 2 sectors. That job loss offset strong gains in some service industries, holding the unemployment rate at 7.2% by March.

Even within the service sectors, job growth has been uneven. To be sure, it has been quite vigorous in finance, health care, business services, retail trade and state and local government. It has been more subdued, however, in wholesale trade. And employment fell slightly in transportation and public utilities. Job gains, then, have been less robust in service areas most closely linked to goods production.

Total hours worked in the first quarter rose by 3.5%, annual rate. That primarily reflects the addition of new workers in service industries. Manufacturing hours were no higher in the first quarter than in the prior quarter. Construction hours rose substantially in January but then tailed off in the succeeding 2 months.

Hiring may not quicken over the next few months. The Conference Board's **Help-wanted Index** dropped to 142 (1967 = 100) in February, from 145 only 2 months earlier. Partial returns to the March survey suggest that this measure of labor demand may have slid another point or 2. Want-ad volume fell sharply in the West South Central region. And that decline was not offset by rising ad volume elsewhere.

Income growth has been relatively strong because there are more workers on service payrolls and there has been some rise in hourly pay. Wages in goods production were 0.9% higher in February than 3 months earlier. But wage rose significantly in other areas. The average hourly rate in private industry was $8.74 in March, up from $8.67 in January.

Consumer spending has actually been fairly strong. Spending on durables was 2.2% higher, deflated, in February than 3 months earlier—largely reflecting a spurt in car sales: Spending on services was up 1.7% but spending on nondurables was 1% lower. However, both domestic and foreign car sales were lower in March.

Home buying and construction, except in the South, remain relatively strong. Total housing starts fell 3.5% in February, despite a 10.7% rise outside of the Southern states.

The cutback in construction in the South seems to have carried over to nonresidential building. The value of new, nonresidential construction only rose by 0.4%, deflated, in February. That's a much smaller increase than in prior months. Problems in energy, farm, computer and even some defense-related industries in the South are spreading into finance and real estate. And that is blunting some of the stimulative impact of falling interest rates.

Ken Goldstein, Editor

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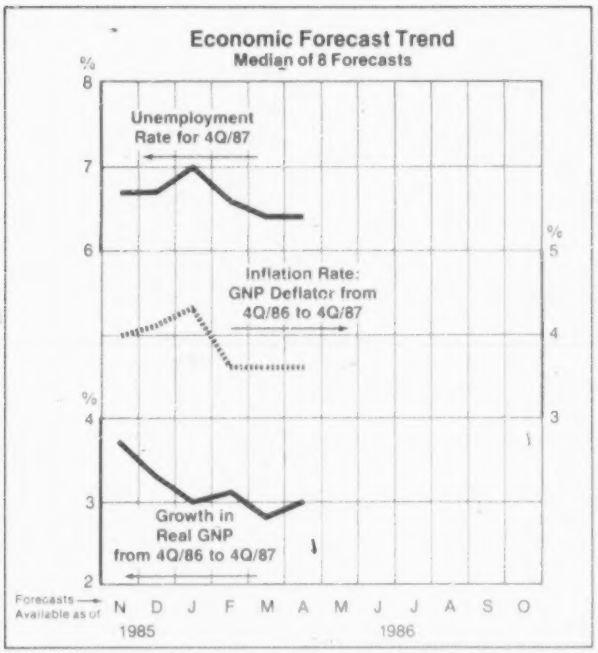


Despite reasonably strong consumer income and spending, industrial production is flat, capacity utilization is falling and manufacturing employment declined. Total industrial production was no higher in March than 3 months earlier. But production of business equipment fell by 1.6 percent. That suggests that investment in equipment is soft. The Conference Board's survey on **Capital Appropriations and Expenditures** for the fourth quarter showed that executives in the nation's 1,000 largest manufacturing firms expect their total investment to rise by 8% this year. The evidence, however, points to weak demand for equipment at the moment, despite more favorable borrowing rates.

Industrial production may remain somewhat flat as orders coming in remain sluggish. For example, aircraft orders more than doubled in December, but then dropped off sharply in the next 2 months. Defense orders were 7.2% higher in February than 3 months earlier, yet they may be slowed by budget restraint. Nondefense orders were 3.7% higher. Industry is not moving to step up production schedules, in light of possible defense cutbacks, only a modest rise in nondefense orders, and sustained discipline in keeping inventory from piling up.

INVENTORY: The only sign of any rise in inventory right now is the proliferation of unsold cars. Car makers continue to offer discount-loan rates, and have scaled back production schedules in order to empty those car lots.

PRICES: Declines in oil prices have been widely analyzed and publicized. Less attention has been focused on other declining commodity prices. Raw food prices fell 5.2% in March. Raw industrial prices dropped 4% and metal prices declined by 6.1 percent. These declines suggest that demand for raw material inputs is not very strong right now.

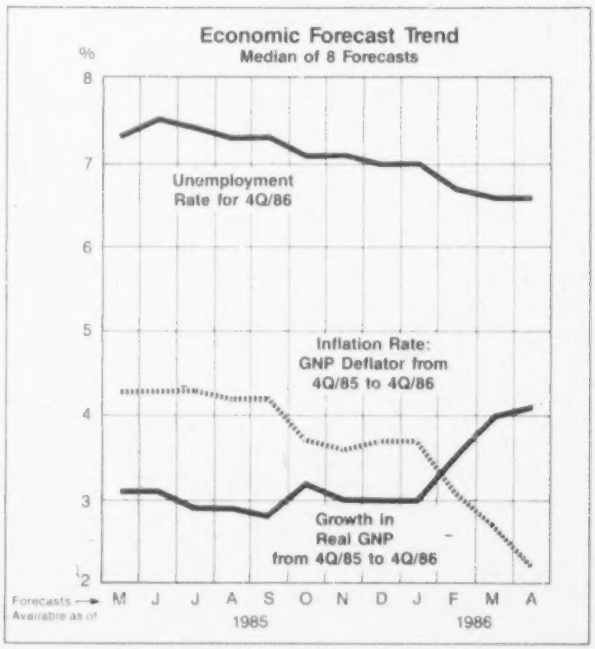
That's one more sign of the lack of vigor in the industrial core. Yet the **Economic Forecasts** project a quite strong 4% pace over the 4-quarter span ending in the fourth quarter of 1986. That indicates an anticipation that conditions will begin to turn around.

INTERNATIONAL MONITOR

Imports have declined in the last few months. That partly reflects a big drop in oil shipments: Almost 13% fewer barrels of oil were shipped in February than 3 months earlier. With the big drop in price, that translates to 20% decline in the value of shipments. Agricultural shipments were 11% higher.

Imports of manufactured goods were 1.3% lower in February than 3 months earlier—largely a reflection of fewer car shipments from Japan and Canada. Exports of manufactured products were 4.2% higher than 3 months earlier. The lower value of the dollar (trade-weighted Exchange Rate against other major currencies was 20% lower in March, 1986 than one year earlier) may be helping to limit imports and giving a little boost to exports.

Ken Goldstein

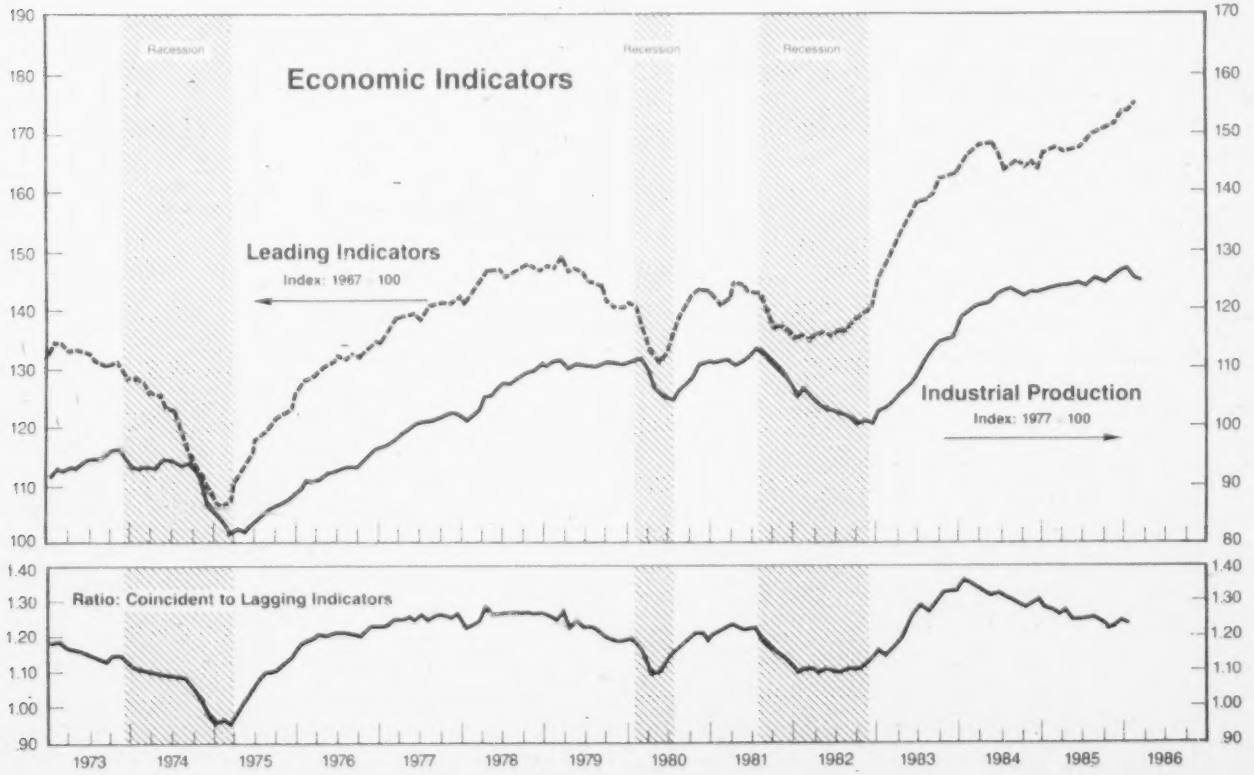


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Feb.	X			+ 2.3%	+ 4.8%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Feb.			X	+ 8.6%	– 4.9%
New orders, nondefense capital goods (deflated)	Feb.		X		+ 12.5%	– 4.6%
*New business formation	Feb.	X			+ 2.4%	+ 1.1%
*Housing permits	Feb.		X		+ 8.5%	+ 11.0%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Feb.		X		+ 0.3%	+ 4.2%
*Change in inventory, on hand & order (deflated)	Jan.	X			+ 21.7%	+ 9.2%
Purchasing agents' buying policy	Mar.	X			+ 4.0%	– 5.0%
*Vendor performance, reported slower deliveries	Mar.	X			+ 4.0%	+ 4.0%
Industrial raw materials prices	Mar.			X	– 5.3%	+ 11.8%
*Change in sensitive material prices	Feb.		X		+ 0.0%	+ 0.5%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Feb.		X		+ 0.7%	+ 3.1%
Change in business loans	Feb.			X	– 76.9%	– 34.2%
*Change in credit outstanding	Feb.			X	– 5.8%	– 4.8%
Change in consumer installment debt	Jan.			X	– 18.5%	– 4.2%
Profitability						
Total corporate profits, after tax (deflated)	4th Q	X			+ 5.5%	+ 4.0%
*Common stock prices	Mar.	X			+ 11.4%	+ 28.7%
Marginal Employment Adjustments						
*Average workweek, mfg.	Feb.		X		– 0.1hr	+ 0.6hr
*Initial unemployment claims (inverted)	Feb.			X	– 1.1%	+ 4.5%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C., Government Printing Office) June, 1977.

*These twelve series make up the Composite Leading Index charted below.



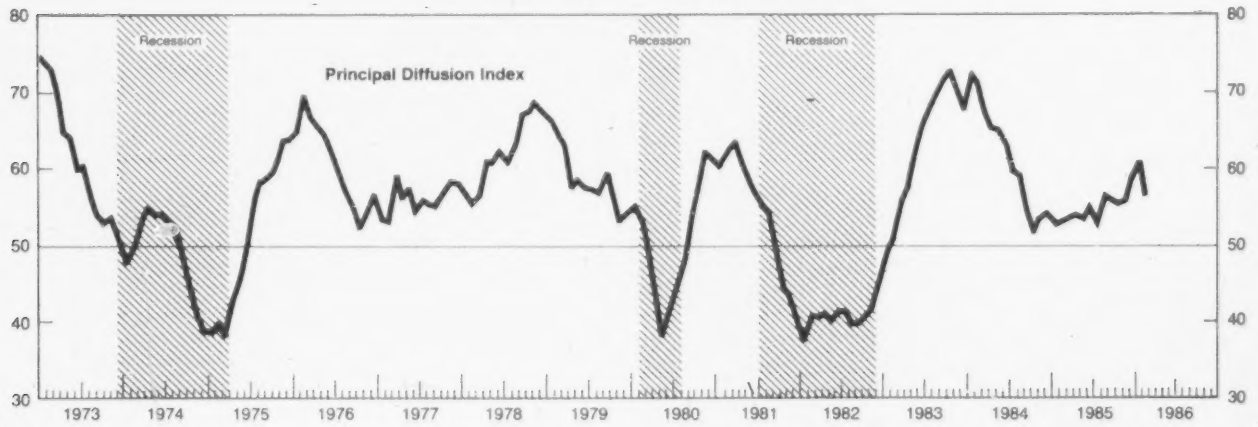
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1985 Feb.	1985 Nov.	1985 Dec.	1986 Jan.	1986 Feb. (e)
Principal Diffusion Index	53.2	56.2r	59.0r	60.9r	56.5
Auxillary Diffusion Index	51.9	52.7r	59.4r	56.1r	35.6
Industrial Group	45.3	59.6r	61.5r	63.2r	56.8
Nonindustrial Group	61.2	52.8	56.6	58.7	56.2
Sense of Diffusion	0	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	34.6	70.9	66.7	67.1	67.1
Labor	54.7	63.2r	66.0r	65.9r	56.2
Miscellaneous	39.1	33.3	42.3	50.6	42.9
Nonindustrial Subgroups					
Prices	40.4	45.5	54.5	54.5	54.5
Consumer	85.0	65.0	69.7	74.4r	68.8
Building	57.1	50.3	50.0	49.7r	41.7
Miscellaneous	53.8	47.0	49.4	51.7	54.5

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1983 Aug.	1983 Nov.	1984 Feb.	1984 May	1984 Aug.	1984 Nov.	1985 Feb.	1985 May	1985 Aug.	1985 Nov.	1986 Feb.
	Score (scale 0-100)										
Measure of Business Confidence	75	74	70	65	61	57	61	52	51	55	61
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	82	80	76	75	70	57	62	48	45	53	63
2. Expectations for Economy, Six Months Ahead	74	73	67	60	57	57	61	53	53	56	62
3. Expectations for Own Industry, Six Months Ahead	69	70	67	61	57	58	61	55	54	56	59

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

	1984			1985				Percent Change From Previous Year	
	II	III	IV	I	II	IIIr	IVp	1985p Actual	1986 Estimate
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	34.123	27.309	29.100	29.938	27.560	24.167	27.499	- 7	4
Capital expenditures	21.739	23.034	24.587	23.354	24.911	24.730	26.643	11	8
Change in appropriations backlog*	+10.715	+2.885	+2.302	+4.984	+0.529	-2.702	-2.139		
Durable Goods									
New appropriations	18.702	12.742	15.072	16.737	10.910	12.031	12.452	- 13	0
Capital expenditures	10.041	11.101	12.223	11.648	12.814	12.299	12.802	16	5
Change in appropriations backlog*	+ 8.212	+1.107	+1.797	+4.154	-2.515	-1.094	-2.734		
Nondurable Goods									
New appropriations	15.421	14.567	14.028	13.201	16.650	12.136	15.047	- 2	8
Capital expenditures	11.698	11.933	12.364	11.706	12.097	12.431	13.841	6	10
Change in appropriations backlog*	+2.503	+1.778	+0.505	+0.830	+3.044	-1.608	+0.595		
ELECTRIC & GAS UTILITIES									
New appropriations	7.839r	9.863r	11.554r	9.066	15.509r	5.516p			
Capital expenditures	9.016r	9.212r	9.337r	8.828	9.156r	9.047p			
Change in appropriations backlog*	-2.897r	-1.607r	-3.147r	+0.106	+4.809r	-5.496p			

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

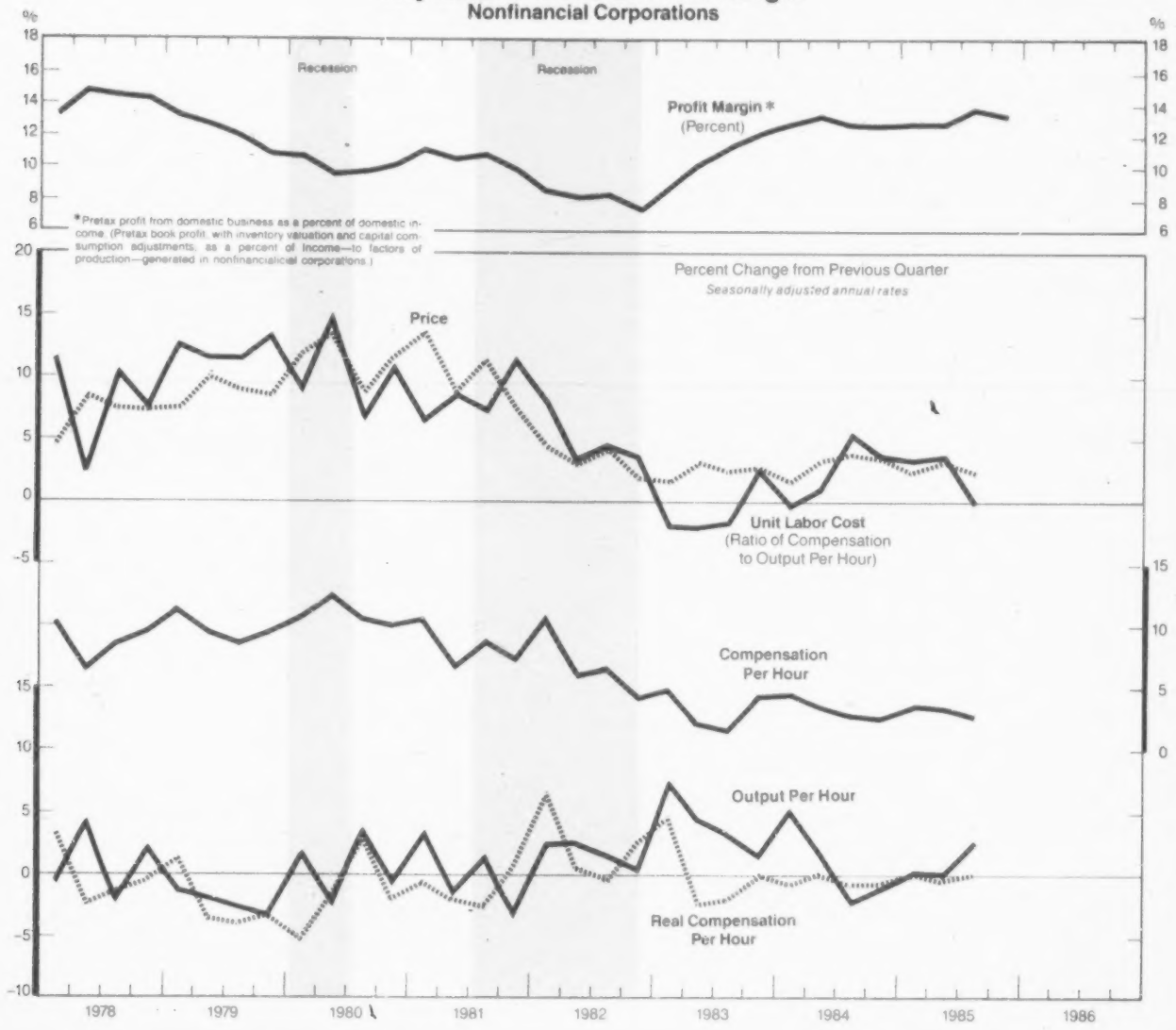
r—revised p—preliminary

* Change in Backlog = New Appropriations - (Expenditures + Cancellations + Other Adjustments).

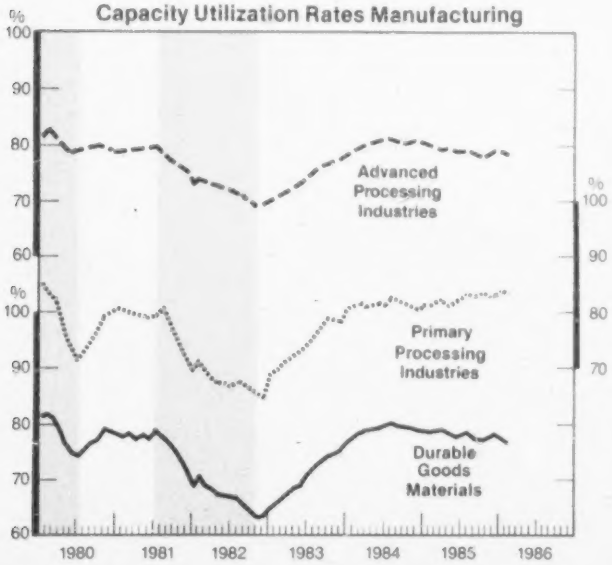
*Source of Forecast is The Energy Information Administration, Department of Energy.

Key Determinants of Profit Margin

Nonfinancial Corporations



Capacity Utilization Rates Manufacturing



Inventory-Sales Ratios

ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*Mar., 1986*		*Mar., 1986*		*Mar., 1986*		*Mar., 1986*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1985**	**IV**	**$4059.3**	**4.3%**	**$4059.3**	**4.3%**	**$4059.3**	**4.3%**	**$4059.3**	**4.3%**
	1986	I	4135.7	7.7	4111.1	5.2	$4121.3	6.3	4121.6	6.3
		II	4201.6	6.5	4173.6	6.2	4162.1	4.0	4164.6	4.2
		III	4277.2	7.4	4239.9	6.5	4256.5	9.4	4234.3	6.9
		IV	4343.1	6.3	4313.9	7.2	4363.6	10.5	4304.1	6.8
	1987	I	4437.3	9.0	4384.2	6.7	4420.3	5.3	4357.1	5.0
		II	4526.7	8.3	4457.5	6.9	4472.4	4.8	4429.3	6.8
		III	4623.9	8.9	4533.7	7.0	4543.6	6.5	4489.0	5.5
		IV	4736.2	10.1	4607.9	6.7	4611.2	6.1	4553.6	5.9
	1988	I	4853.3	10.3			4704.9	8.4		
Actual	1986	Annual	4239.4	6.3	4209.6	5.5	4225.9	5.9	4206.2	5.5
	1987	Annual	4581.0	8.1	4495.8	6.8	4511.9	6.8	4457.3	6.0
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1985**	**IV**	**$3590.8**	**.7%**	**$3590.8**	**.7%**	**$3590.8**	**.7%**	**$3590.8**	**.7%**
	1986	I	3636.1	5.1	3618.0	3.1	3621.5	3.5	3631.4	4.6
		II	3680.3	5.0	3651.8	3.8	3651.0	3.3	3672.5	4.6
		III	3729.1	5.4	3697.1	5.1	3711.0	6.7	3707.8	3.9
		IV	3766.7	4.1	3745.6	5.4	3778.0	7.4	3736.2	3.1
	1987	I	3807.9	4.4	3782.5	4.0	3804.0	2.8	3746.4	1.1
		II	3843.2	3.8	3818.1	3.8	3816.0	1.3	3769.6	2.5
		III	3880.0	3.9	3845.4	2.9	3844.0	3.0	3781.8	1.3
		IV	3924.8	4.7	3870.5	2.6	3862.0	1.9	3797.8	1.7
	1988	I	3951.0	2.7			3898.0	3.8		
Actual	1986	Annual	3703.1	3.7	3678.1	3.0	3690.4	3.4	3687.0	3.3
	1987	Annual	3864.0	4.3	3829.1	4.1	3831.5	3.8	3773.9	2.4
Gross National Product deflator Index, 1982 100										
Actual	**1985**	**IV**	**113.0**	**3.5%**	**113.0**	**3.5%**	**113.0**	**3.5%**	**113.0**	**3.5%**
	1986	I	113.7	2.5	113.6	2.1	113.8	2.7	113.5	1.6
		II	114.2	1.5	114.3	2.3	114.0	.7	113.4	-.3
		III	114.7	1.9	114.7	1.4	114.7	2.5	114.2	2.9
		IV	115.3	2.1	115.2	1.7	115.5	2.5	115.2	3.5
	1987	I	116.5	4.3	115.9	2.6	116.2	2.4	116.3	3.9
		II	117.8	4.4	116.7	2.9	117.2	3.5	117.5	4.2
		III	119.2	4.8	117.9	4.0	118.2	3.5	118.7	4.1
		IV	120.7	5.1	119.1	4.0	119.4	4.1	119.9	4.1
	1988	I	122.8	7.4			120.7	4.4		
Actual	1986	Annual	114.5	2.5	114.4	2.4	114.5	2.5	114.1	2.1
	1987	Annual	118.5	3.5	117.4	2.6	117.7	2.8	118.1	3.5
Unemployment Rate										
Actual	**1985**	**IV**		**7.0%**		**7.0%**		**7.0%**		**7.0%**
	1986	I		6.7		7.0		7.1		7.0
		II		6.4		6.9		7.0		6.9
		III		6.2		6.7		6.8		6.8
		IV		6.0		6.6		6.7		6.6
	1987	I		5.8		6.5		6.7		6.7
		II		5.6		6.4		6.7		6.9
		III		5.5		6.4		6.7		7.0
		IV		5.4		6.5		6.8		7.2
	1988	I		5.3				6.9		
Actual	1986	Annual		6.3		6.8		6.9		6.8
	1987	Annual		5.6		6.5		6.7		7.0

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on revised (second revision) fourth quarter data.

ECONOMIC FORECASTS (continued)

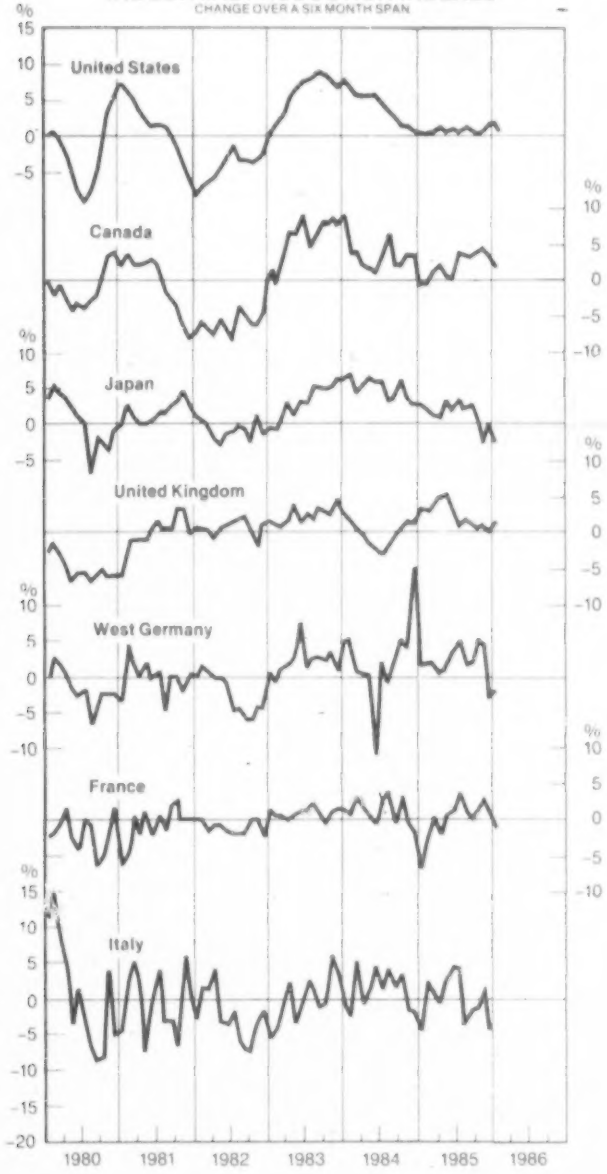
The Conference Board[1]		Chase Econometric Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Mar., 1986		Mar., 1986		Mar., 1986		Mar., 1986		Date of Forecast		
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
$4059.3	**4.3%**	**$4059.3**	**4.3%**	**$4059.3**	**4.3%**	**$4059.3**	**4.3%**	**IV**	**1985**	**Actual**
4114.0	5.5	4119.4	6.1	4114.0	5.5	4119.2	6.0	I	1986	
4168.0	5.4	4180.5	6.1	4158.2	4.4	4180.8	6.1	II		
4240.0	7.1	4254.1	7.2	4220.7	6.1	4254.0	7.2	III		
4325.0	8.3	4322.1	6.5	4264.6	4.2	4341.0	8.4	IV		
4397.0	6.8	4368.9	6.3	4345.1	7.8	4442.0	9.6	I	1987	
4421.0	2.2	4450.5	5.7	4415.7	6.7	4498.9	5.2	II		
4448.0	2.5	4522.4	6.6	4488.0	6.7	4571.1	6.6	III		
4513.0	6.0	4592.5	6.3	4560.8	6.6	4645.1	6.6	IV		
		4675.2	7.4	4650.1	8.1	4718.2	6.4	I	1988	
4211.8	5.6	4219.0	5.8	4189.4	5.0	4223.8	5.9	Annual	1986	Actual
4444.8	5.5	4488.6	6.4	4452.4	6.3	4539.3	7.5	Annual	1987	
								Gross National Product Billions of Constant (1982) Dollars		
$3590.8	**.7%**	**$3590.8**	**.7%**	**$3590.8**	**.7%**	**$3590.8**	**.7%**	**IV**	**1985**	**Actual**
3618.3	3.1	3622.4	3.6	3615.6	2.8	3618.2	3.1	I	1986	
3643.4	2.8	3649.1	3.0	3643.5	3.1	3651.8	3.8	II		
3680.6	4.1	3692.5	4.8	3679.3	4.0	3690.9	4.4	III		
3719.2	4.3	3715.7	2.5	3695.7	1.8	3740.1	5.4	IV		
3745.3	2.8	3737.3	2.3	3738.6	4.7	3779.7	4.3	I	1987	
3730.8	-1.5	3758.8	2.3	3773.4	3.8	3813.1	3.6	II		
3722.2	- .9	3787.3	3.1	3804.9	3.4	3837.9	2.6	III		
3745.2	2.5	3811.8	2.6	3831.5	2.8	3862.1	2.5	IV		
		3838.0	2.8	3862.4	3.3	3885.1	2.4	I	1988	
3665.4	2.7	3669.9	2.8	3658.5	2.5	3675.3	2.9	Annual	1986	Actual
3735.9	1.9	3773.8	2.8	3787.1	3.5	3823.2	4.0	Annual	1987	
								Gross National Product deflator Index, 1982 = 100		
113.0	**3.5%**	**113.0**	**3.5%**	**113.0**	**3.5%**	**113.0**	**3.5%**	**IV**	**1985**	**Actual**
113.7	2.3	113.7	2.4	113.8	2.6	113.8	2.9	I	1986	
114.4	2.5	114.6	3.0	114.1	1.2	114.5	2.3	II		
115.2	2.8	115.2	2.3	114.7	2.1	115.3	2.7	III		
116.3	3.8	116.3	3.9	115.4	2.4	116.1	2.8	IV		
117.4	3.9	117.4	3.9	116.2	2.9	117.5	5.1	I	1987	
118.5	3.8	118.4	3.3	117.3	2.7	118.0	1.6	II		
119.5	3.4	119.4	3.4	118.0	3.2	119.1	3.8	III		
120.5	3.4	120.5	3.6	119.0	3.7	120.3	4.0	IV		
		121.8	4.5	120.4	4.6	121.4	3.9	I	1988	
114.9	2.8	115.0	2.9	114.5	2.5	114.9	2.9	Annual	1986	Actual
119.0	3.5	118.9	3.5	117.6	2.7	118.7	3.3	Annual	1987	
								Unemployment Rate		
	7.0%		**7.0%**		**7.0%**		**7.0%**	**IV**	**1985**	**Actual**
	7.1		7.0		7.0		7.0	I	1986	
	7.1		6.9		6.8		7.0	II		
	6.9		6.7		6.7		6.7	III		
	6.7		6.5		6.7		6.6	IV		
	6.9		6.4		6.6		6.4	I	1987	
	7.2		6.3		6.5		6.3	II		
	7.6		6.3		6.4		6.3	III		
	7.7		6.3		6.4		6.3	IV		
			6.2		6.3		6.5	I	1988	
	7.0		6.8		6.8		6.8	Annual	1986	Actual
	7.4		6.3		6.4		6.3	Annual	1987	

Please Note: In the interest of speeding the data contained in this publication to you, these series are available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

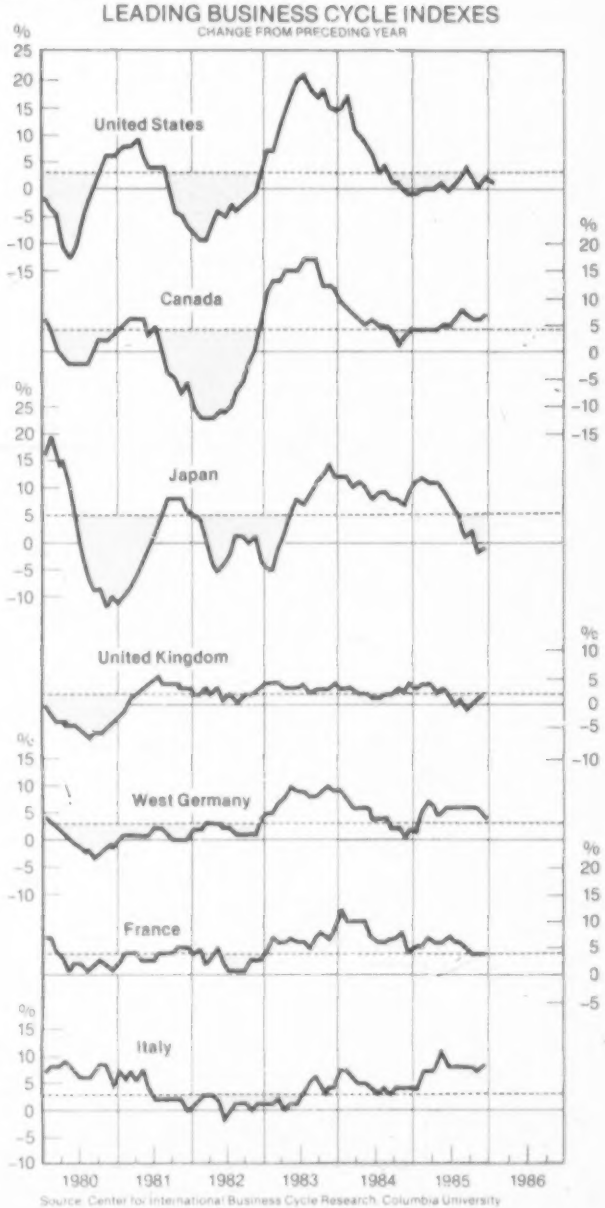
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



LEADING BUSINESS CYCLE INDEXES

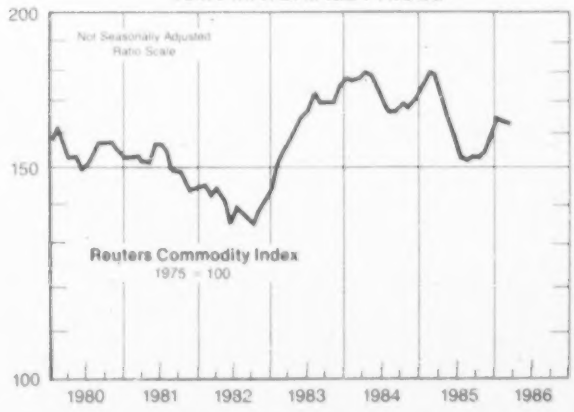
CHANGE FROM PRECEDING YEAR



Source: Center for International Business Cycle Research, Columbia University

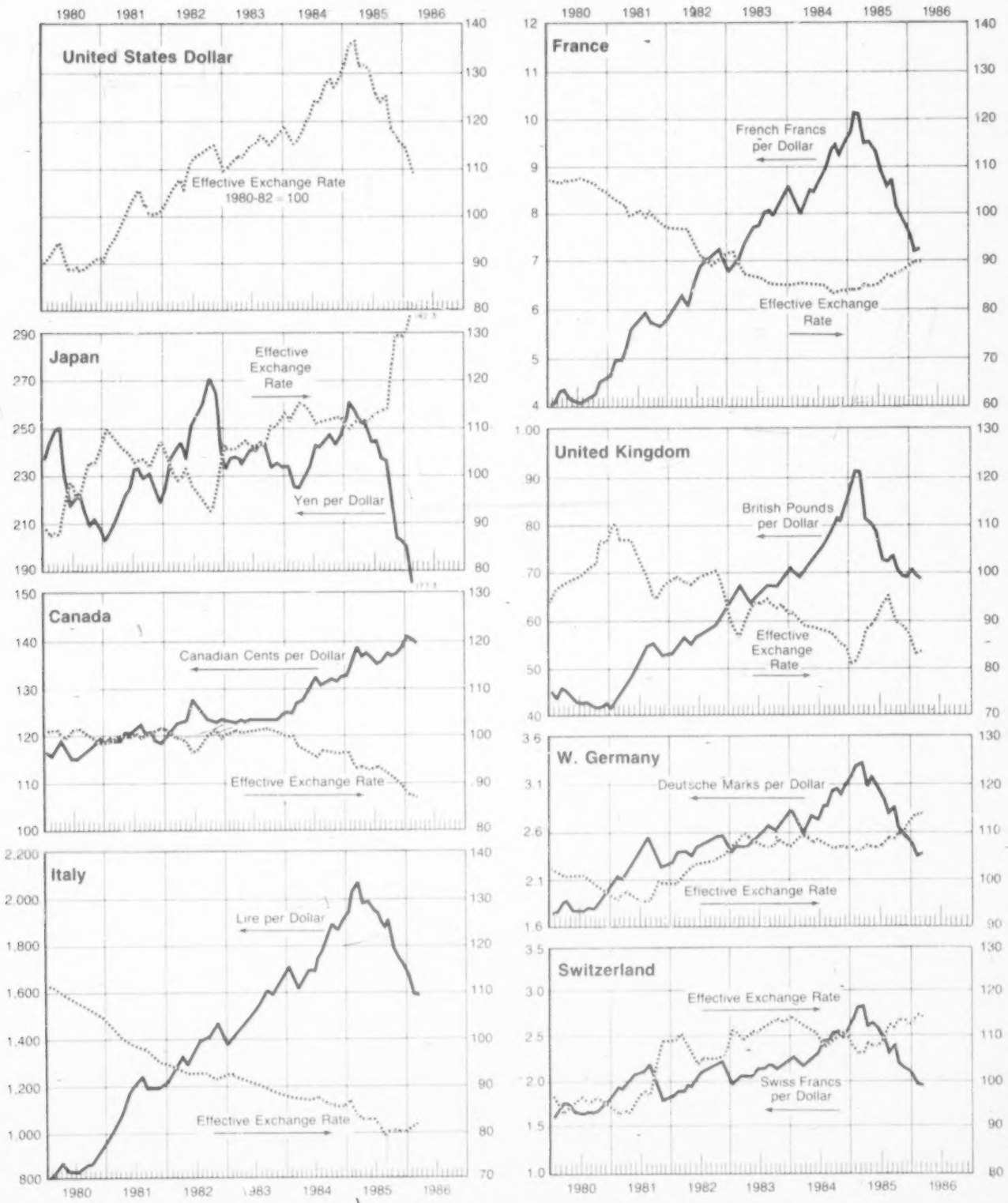
MERCHANDISE TRADE: VALUE OF EXPORTS

RAW MATERIALS PRICES



Foreign Exchange Rates

Indexes: 1980-82 = 100



Note: Nominal Effective Exchange Rates: Index numbers 1980-82 = 100. Each index shows a currency's trade-using averages weighted appreciation or depreciation measured against fifteen other major currencies of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

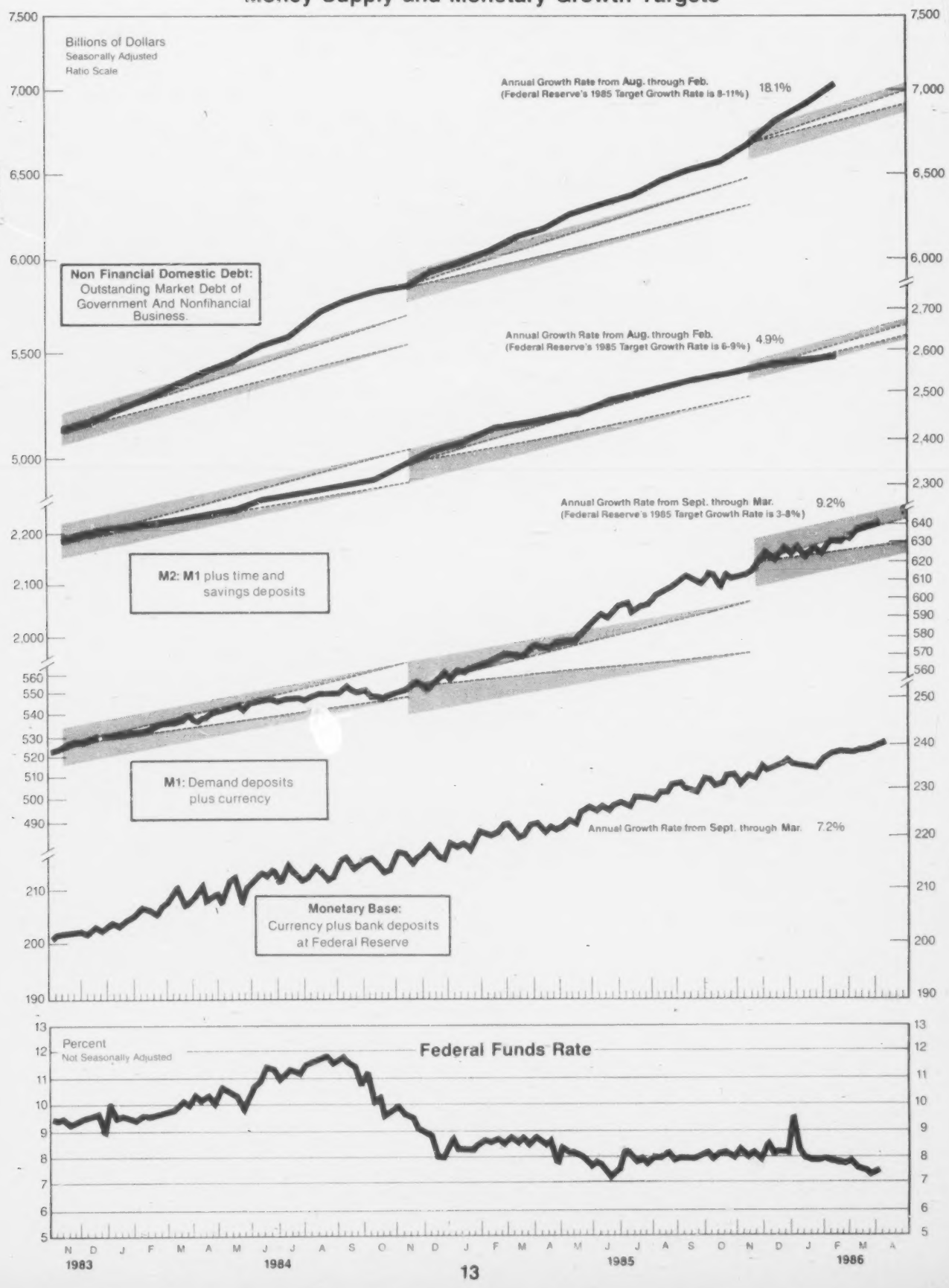
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1986		Fiscal 1987		Fiscal 1988	
	Administration's Latest Estimate	Congress's Latest Estimate	Administration's Latest Estimate	Congress's Latest Estimte	Administration's Latest Estimate	Congress's Latest Estimate
	(2/5/86)	(2/26/86)	(2/5/86)	(2/26/86)	(2/5/86)	(2/26/86)
Receipts	**$ 777.1**	**$ 778.7**	**$ 850.4**	**$ 849.9**	**$ 933.2**	**$ 928.1**
Outlays	**979.9**	**983.5**	**994.0**	**1,009.7**	**1,026.8**	**1,060.3**
Deficit	**-202.8**	**-204.7**	**-143.6**	**-159.7**	**- 93.6**	**-132.3**
Receipts by source	**$777.1**	**$778.7**	**$850.4**	**$849.9**	**$933.2**	**$928.1**
Individual income	353.7	354.2	386.0	385.0	425.9	422.0
Social security	280.4	280.8	302.8	302.3	335.0	333.5
Corporate income	70.9	72.2	86.7	89.4	101.2	101.2
Other receipts	72.1	71.5	74.9	73.2	71.1	71.4
Outlays by function	**$979.9**	**$983.5**	**$994.0**	**$1,009.7**	**$1,026.8**	**$1,060.3**
National defense	265.8	269.5	282.2	296.7	299.1	316.6
Social security	268.8	267.9	282.4	282.2	302.1	303.1
Income security	118.1	119.6	118.4	119.5	123.1	123.7
Health	35.7	35.6	35.0	35.1	36.7	36.8
Veterans benefits	26.6	26.7	26.4	26.5	26.9	26.9
Education & manpower	30.7	30.8	27.4	27.3	26.3	26.5
Transportation	27.1	27.5	25.5	25.6	24.1	24.3
Agriculture	25.9	30.4	19.5	21.9	19.7	23.5
International affairs	17.1	17.1	18.6	16.5	18.3	17.5
Natural resources	12.9	12.8	12.0	12.0	11.8	11.9
General science	8.9	8.9	9.2	9.1	9.3	9.4
Justice	6.8	6.8	6.9	7.1	7.0	7.2
General government	6.3	6.0	6.1	6.2	5.7	6.4
Community development	7.9	7.9	6.5	6.3	5.5	5.4
Commerce, Housing credit	3.8	4.2	1.4	3.1	3.8	4.3
Energy	4.4	4.2	4.0	4.4	4.5	4.1
Revenue sharing	6.2	5.8	1.7	1.7	1.8	1.8
Interest	142.7	139.8	148.0	144.7	145.1	152.7
Allowances	0.0	0.0	0.7	0.7	2.3	2.3
Offsetting receipts	-35.2	-37.7	-38.1	-36.8	-46.4	-44.2

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP						
Current Dollar	**$4,274.0**	**$4,269.0**	**$4,629.0**	**$4,583.0**	**$4,995.0**	**$4,930.0**
Constant (1982) Dollar	**3,695.0**	**3,688.0**	**3,842.0**	**3,803.0**	**3,996.0**	**3,926.0**
Percent change in						
Current dollar	7.0%	6.9%	8.3%	7.3%	7.9%	7.6%
Constant (1982) dollar	3.4	3.2	4.0	3.1	4.0	3.3
Implicit price index	3.5	3.6	4.2	4.1	3.7	4.1
Consumer price index	3.5	3.4	4.1	4.2	3.7	4.4
91-Day T bill rate	7.3	6.8	6.5	6.7	5.6	6.4
Unemployment rate	6.7	6.7	6.5	6.7	6.3	6.5

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Annual Growth Rate from Aug. through Feb.
(Federal Reserve's 1985 Target Growth Rate is 8-11%)
18.1%
Non Financial Domestic Debt:
Outstanding Market Debt of Government And Nonfihancial Business.
Annual Growth Rate from Aug. through Feb.
(Federal Reserve's 1985 Target Growth Rate is 6-9%)
4.9%
Annual Growth Rate from Sept. through Mar.
(Federal Reserve's 1985 Target Growth Rate is 3-8%)
9.2%
M2: M1 plus time and savings deposits
M1: Demand deposits plus currency
Annual Growth Rate from Sept. through Mar.
7.2%
Monetary Base:
Currency plus bank deposits at Federal Reserve
Percent
Not Seasonally Adjusted
Federal Funds Rate
1983
1984
1985
1986

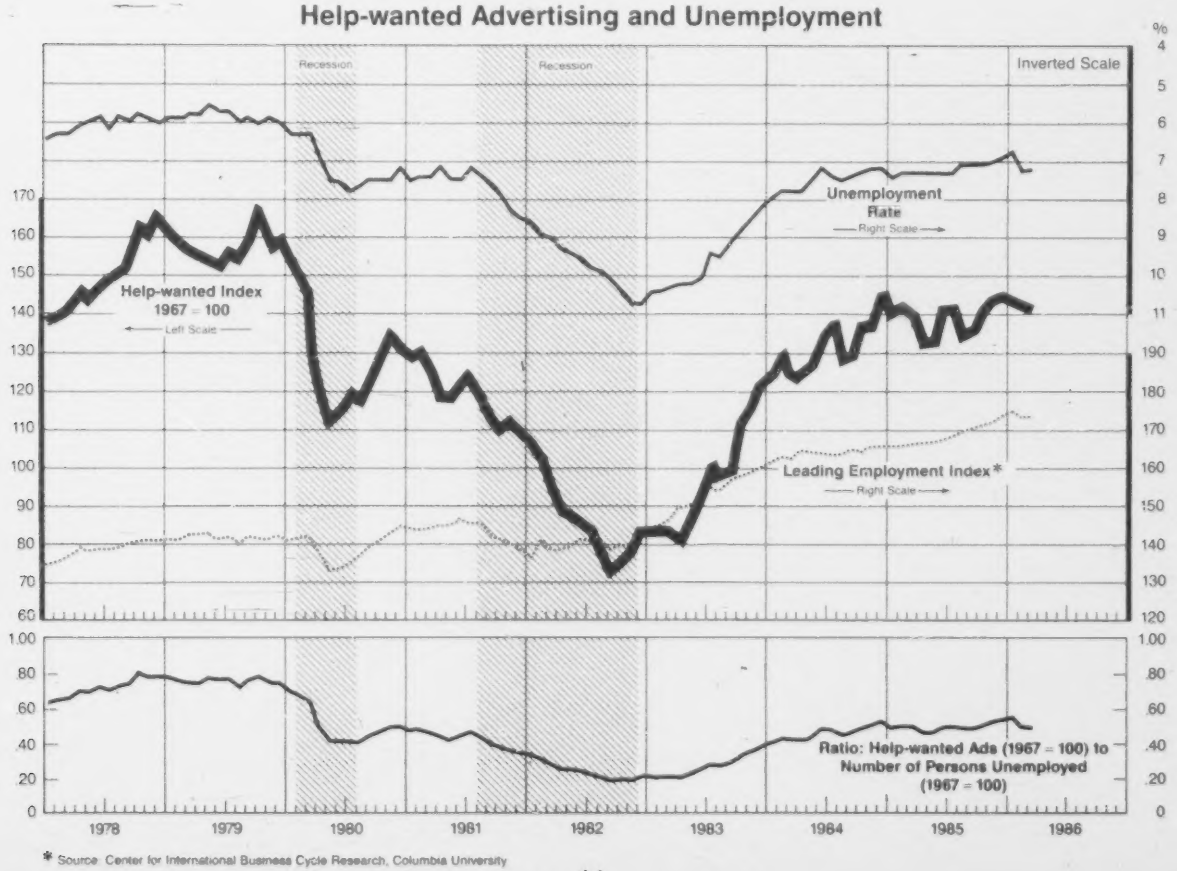
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

Locality	1986 Feb.	1986 Jan.	1985 Dec.	1985 Feb.
National Index	142	143r	145	141
New England	157	156	156	151
Boston	169	162	159	166
Hartford	154	169	164	149
Providence	117	125	136	102
Middle Atlantic	74	73	74	66
Albany	169	173	162	142
Allentown	207	196	209	177
New York	58	56	53	53
Philadelphia	62	64	73	58
Pittsburgh	87	83	88	68
Rochester	92	91	96	89
Syracuse	130	118	122	105
East North Central	92	90	96	88
Chicago	93	91	104	100
Cincinnati	148	163	133	127
Cleveland	63	60	65	61
Columbus	155	158	161	136
Dayton	82	84	90	73
Detroit	73	67	72	63
Gary	117	123	117	106
Indianapolis	93	88	102	85
Milwaukee	60	55	62	56
Toledo	139	130	128	112
West North Central	101	93	90	90
Kansas City	199	160	141	123
Minneapolis	71	71	79	81
Omaha	112	117	109	112
St. Louis	70	69	67	72
South Atlantic	193	191	194	189
Atlanta	294	287	289	300
Baltimore	214	219	223	210
Charlotte	154	161	149	149
Jacksonville	204	211	230	182
Miami	86	83	76	77
Richmond	133	128	128	126
Washington, D.C.	188	188	190	183
East South Central	164	170	154	137
Birmingham	176	173	172	140
Knoxville	202	212	204	194
Louisville	85	99	102	90
Memphis	153	128	114	100
Nashville	236	275	211	200
West South Central	206	221	253	264
Dallas	270	302	421	377
Houston	251	264	273	323
New Orleans	102	101	108	116
Oklahoma City	119	130	125	133
San Antonio	183	196	165	218
Tulsa	137	148	157	147
Mountain	306	316	323	327
Denver	194	206	205	230
Phoenix	455	458	463	470
Salt Lake City	313	330	354	313
Pacific	211	212r	201	207
Los Angeles	158	156	148	158
Sacramento	380	399	376	340
San Bernadino	245	244r	231	228
San Diego	474	485	461	475
San Francisco	198	203	191	202
Seattle	199	199	189	178
Percentage of papers with rising volume	45	49	67	41
Unemployment rate	7.3	6.7	6.9	7.3

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1983	59.8	70.1	81.2	81.8	85.9	87.0	87.8	89.9	92.2	93.5	96.7	104.9
1984	16.8	17.6	24.0	29.3	32.3	103.7	98.5	101.6	102.4	101.7	106.1	98.7
1985	103.0	104.0	98.0	101.0	96.6	100.0	101.2	99.6	98.9	99.3	98.7	99.8
1986	97.8	96.9r	96.7p									

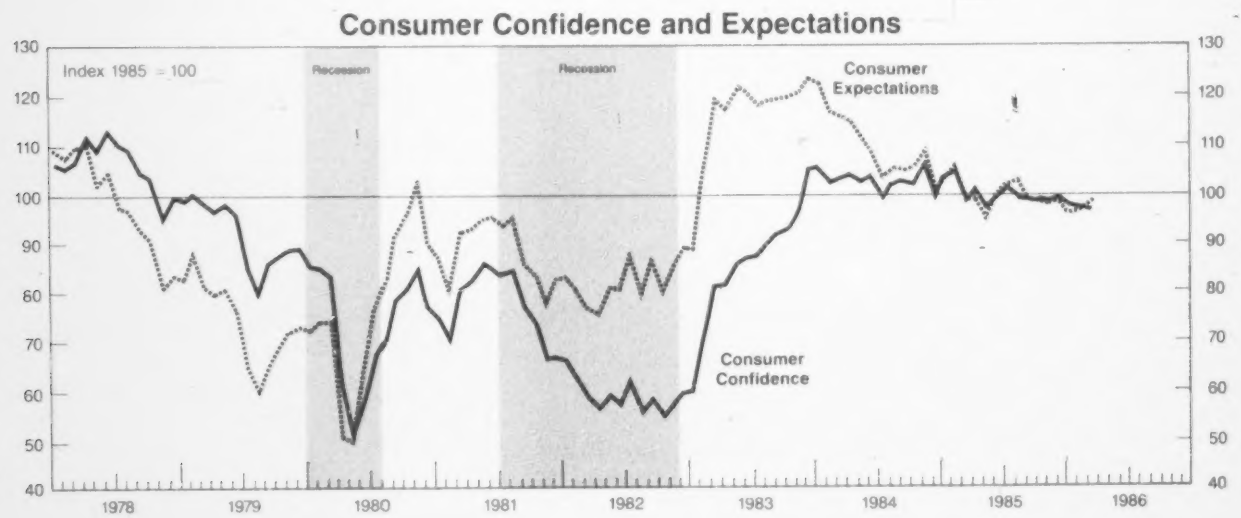
Buying Plans Index

1983	71.7	71.1	77.5	85.6	84.7	89.0	94.4	85.0	101.6	102.2	99.2	99.3
1984	99.2	98.0	90.7	98.6	102.5	104.9	89.5	95.5	83.5	92.7	96.0	91.9
1985	100.7	98.7	98.4	97.4	89.5	96.3	93.1	98.4	107.3	110.3	101.2	108.8
1986	105.6	103.9r	100.8p									

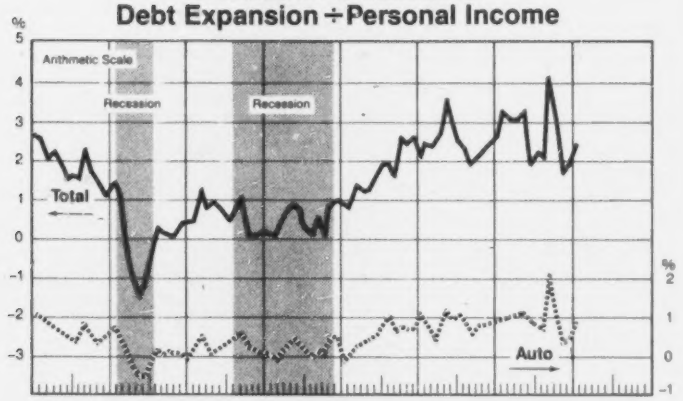
Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

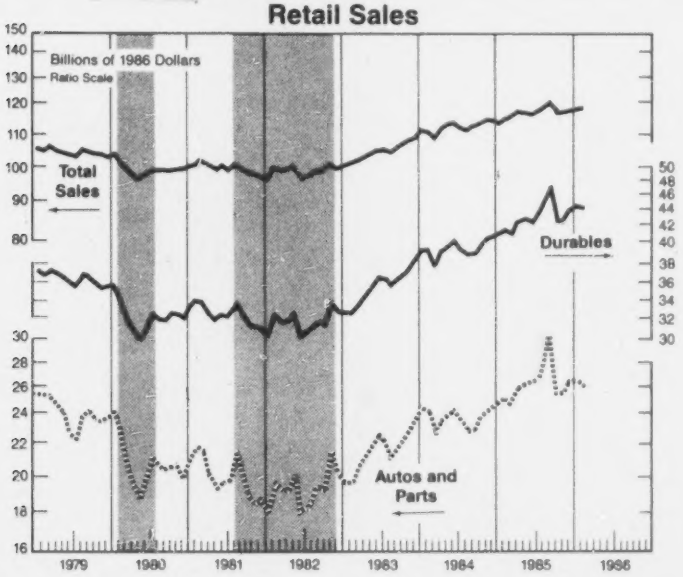
p—preliminary r—revised



Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1983	1984	1985	1986
January:	1-10	6.17	8.16	8.69	7.97
	11-20	6.20	7.84	8.15	9.63
	21-31	5.60	9.15	8.62	8.40
February:	1-10	5.86	7.79	7.97	8.32
	11-20	5.30	9.17	8.04	8.93
	21-28(29)	6.07	7.60	8.58	6.38
March:	1-10	5.61	7.35	8.14	7.81
	11-20	6.10	8.13	8.44	6.99
	21-31	6.19	7.35	7.94	6.24
April:	1-10	6.69	8.88	8.16	
	11-20	6.52	7.96	9.12	
	21-30	6.35	8.60	8.46	
May:	1-10	6.67	8.75	7.45	
	11-20	6.30	7.74	8.69	
	21-31	6.97	8.43	7.70	
June:	1-10	7.23	7.22	8.21	
	11-20	7.34	8.25	8.02	
	21-30	7.28	8.10	7.16	
July:	1-10	7.25	9.51	7.89	
	11-20	7.36	8.32	7.47	
	21-31	7.43	8.59	7.53	
August:	1-10	7.39	7.33	6.47	
	11-20	6.11	8.07	8.39	
	21-31	6.65	7.43	13.29	
September:	1-10	6.26	8.13	12.76	
	11-20	7.21	8.52	10.63	
	21-30	6.55	6.03	9.49	
October:	1-10	7.52	7.83	7.44	
	11-20	7.56	7.07	6.27	
	21-31	7.45	7.70	6.75	
November:	1-10	6.96	6.60	6.04	
	11-20	6.55	8.44	6.66	
	21-30	7.62	6.57	6.70	
December:	1-10	7.30	8.75	7.72	
	11-20	8.09	7.96	6.74	
	21-31	8.48	8.19	10.38	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales